



# WASHOE COUNTY

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CM/ACM   
Finance   
DA   
Risk Mgt. - N/A  
HR   
Other N/A

## STAFF REPORT

BOARD MEETING DATE: April 26, 2016

**DATE:** April 6, 2016

**TO:** Board of County Commissioners

**FROM:** Mark Mathers, Budget Manager  
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**THROUGH:** Al Rogers, Director of Management Services  
(775) 328-2017, [arogers@washoecounty.us](mailto:arogers@washoecounty.us)

**SUBJECT:** Recommendation that the Board of County Commissioners approve a resolution approving a plan of financing; authorizing the issuance and sale by Washoe County of not to exceed \$298,500,000 Gas and Water Facilities Refunding Revenue Bonds in two or more series to refund a like principal amount of bonds previously issued by Washoe County to refinance costs of certain gas and water facilities for Sierra Pacific Power Company; authorizing the execution and delivery of two or more Indentures of Trust from said County to The Bank of New York Mellon Trust Company, N.A., as Trustee, with respect to said Bonds; authorizing the execution and delivery of two or more Financing Agreements between said Company and Washoe County providing for the repayment of the loan of the proceeds of said Bonds; authorizing the execution and delivery of two or more Bond Purchase Agreements between Washoe County and all or any of J.P. Morgan Securities LLC, KeyBanc Capital Markets Inc. and SunTrust Robinson Humphrey, Inc. as the Underwriters of said Bonds; authorizing the acceptance of two or more Inducement Letters from said Company with respect to said Bonds; and related matters. (All Commission Districts)

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### SUMMARY

Washoe County is authorized by Nevada Revised Statutes to issue Economic Development Revenue Bonds for the purpose of financing certain eligible projects including any land, building, structures, facilities or improvements used by any corporation (including a public utility) in connection with the local furnishing of gas and water. Sierra Pacific Power Company ("Sierra Pacific") has requested the County authorize the issuance of \$298,500,000 of Economic Development Revenue Bonds ("Refunding Bonds") to refund outstanding bonds that were issued to finance certain gas and water facilities. A notice of a hearing on the Refunding Bonds was published on April 15, 2016.

The Refunding Bonds are revenue bonds payable solely from pledged utility revenues and Sierra Pacific is the sole obligor of the Refunding Bonds.

AGENDA ITEM # 18

Washoe County Strategic Objective supported by this item: Stewardship of Our Community.

**PREVIOUS ACTION**

On November 13, 2006, the Board of County Commissioners authorized the sale of \$218,500,000 of Gas and Water Facilities Refunding Revenue Bonds Series 2006 A, B and C for Sierra Pacific Power Company to refund bonds previously issued to finance or refinance costs of certain gas and water facilities for Sierra Pacific Power Company.

On April 10, 2007, the Board of County Commissioners authorized the sale of \$80,000,000 of Water Facilities Refunding Revenue Bonds Series 2007 A and B for Sierra Pacific Power Company to refund bonds previously issued to finance certain water facilities for Sierra Pacific Power Company.

**BACKGROUND**

Washoe County is authorized to issue Economic Development Revenue Bonds for the purpose of financing certain eligible projects including any land, building, structures, facilities or improvements used by any corporation (including a public utility) in connection with the local furnishing of gas and water. Washoe County originally issued debt on behalf of Sierra Pacific from 1987 through 1993 to finance various water and gas improvements pursuant to the County Economic Development Revenue Bond Law, Sections 244A.669 to 244A.763 of the Nevada Revised Statutes. In 2006 and 2007, these bonds were refunded by Washoe County and converted to variable-rate bonds. A summary of these bonds is shown below:

<b>Predecessor Bonds</b>				<b>Current Bonds &amp; Allocations (per 2013 General Rate Case)</b>							
Description	Gas	Water	Total	Description	Gas	Electric	Total Public	Treasury	Total	Maturity	
<b>WASHOE COUNTY</b>	1987 Series	\$ 17.5		\$ 17.5	Series 2006A	\$ 58.2	\$ -	\$ 58.2	\$ 0.5	\$ 58.7	1-Aug-31
	1990 Series	\$ 20.0		\$ 20.0							
	1992 Series	\$ 21.2		\$ 21.2							
	1993A Series		\$ 9.8	\$ 9.8	Series 2006C (non-AMT)	\$ 30.3	\$ 51.1	\$ 81.5	\$ 3.3	\$ 84.8	1-Mar-36
	1993B Series	\$ 12.5	\$ 17.5	\$ 30.0							
	1987 Series	\$ 16.2	\$ 28.8	\$ 45.0							
	1987 Series		\$ 75.0	\$ 75.0	Series 2006B	\$ 2.9	\$ 72.1	\$ 75.0		\$ 75.0	1-Mar-36
					Series 2007A	\$ -	\$ -	\$ -	\$ 40.0	\$ 40.0	1-Mar-36
					Series 2007B	\$ -	\$ -	\$ -	\$ 40.0	\$ 40.0	1-Mar-36
	<b>TOTAL</b>	<b>\$ 87.3</b>	<b>\$ 131.2</b>	<b>\$ 218.5</b>		<b>\$ 91.5</b>	<b>\$ 123.2</b>	<b>\$ 214.7</b>	<b>\$ 83.8</b>	<b>\$ 298.5</b>	

Sierra Pacific has requested the County authorize the issuance of \$298,500,000 of Economic Development Revenue Bonds to refund the bonds previously issued in 2006 and 2007 to finance gas and water facilities bonds; this is proposed to potentially lower the annual interest cost of the outstanding debt.

Six series of bonds are planned to be issued, consisting of both fixed-rate bonds (Series 2016A and 2016B) and variable-rate debt (Series 2016C, D, E and F). As part of this transaction, the Board is requested to approve a resolution that would authorize the issuance of the bonds and approve two or more Indentures of Trust, Financing

Agreements, Bond Purchase Agreements, and Inducement Letters. The resolution states that the County finds and determines that:

- The amount necessary in each year to pay the principal of and interest on each series of the bonds is set forth in the Financing Agreements as a formula which will insure that Sierra Pacific Power Company is obligated to pay amounts sufficient to pay the principal of, interest and premium, if any, on the bonds and the formula is found to be sufficient for such purposes;
- No reserves are necessary or advisable in connection with the retirement of the bonds or the maintenance of the related project if owned by Sierra Pacific Power Company or for any other purpose;
- Sierra Pacific has sufficient financial resources to meet its obligations under the Financing Agreements;
- Sierra Pacific is obligated under each Financing Agreement to maintain the related project and to carry all proper insurance with respect thereto for so long as it owns such project, and the County shall have no obligation whatsoever in these regards; and
- Sufficient safeguards are provided by the Financing Agreements and the Indentures to assure that all money provided by the County through the issuance of the Bonds will be expended solely for the purpose of refunding the prior bonds.

The County retained its own counsel, Sherman & Howard, to review the aforementioned bond documents. Based on that review, it is being recommended that the Board approve the resolution. We understand that the lower interest rate achieved through these refundings are part of the calculation of utility rates subject to the Public Utilities Commission's review and thus should at least partially pass through to utility customers.

The bonds do not constitute a debt of the County and shall not constitute nor give rise to a liability to the County or a charge against its general credit or taxing powers. The payment of the bonds is solely the obligation of Sierra Pacific.

#### **FISCAL IMPACT**

There is no fiscal impact to Washoe County as payment of the debt will be the obligation of Sierra Pacific. The County will receive a fee to defray staff costs for review of the bond documents and other associated tasks.

**RECOMMENDATION**

It is recommended that the Board of County Commissioners approve a resolution approving a plan of financing; authorizing the issuance and sale by Washoe County of not to exceed \$298,500,000 Gas and Water Facilities Refunding Revenue Bonds in two or more series to refund a like principal amount of bonds previously issued by Washoe County to refinance costs of certain gas and water facilities for Sierra Pacific Power Company; authorizing the execution and delivery of two or more Indentures of Trust from said County to The Bank of New York Mellon Trust Company, N.A., as Trustee, with respect to said Bonds; authorizing the execution and delivery of two or more Financing Agreements between said Company and Washoe County providing for the repayment of the loan of the proceeds of said Bonds; authorizing the execution and delivery of two or more Bond Purchase Agreements between Washoe County and all or any of J.P. Morgan Securities LLC, KeyBanc Capital Markets Inc. and SunTrust Robinson Humphrey, Inc. as the Underwriters of said Bonds; authorizing the acceptance of two or more Inducement Letters from said Company with respect to said Bonds; and related matters.

**POSSIBLE MOTION**

Should the Board agree with staff's recommendation, a possible motion would be: "Move to approve a resolution approving a plan of financing; authorizing the issuance and sale by Washoe County of not to exceed \$298,500,000 Gas and Water Facilities Refunding Revenue Bonds in two or more series to refund a like principal amount of bonds previously issued by Washoe County to refinance costs of certain gas and water facilities for Sierra Pacific Power Company; authorizing the execution and delivery of two or more Indentures of Trust from said County to The Bank of New York Mellon Trust Company, N.A., as Trustee, with respect to said Bonds; authorizing the execution and delivery of two or more Financing Agreements between said Company and Washoe County providing for the repayment of the loan of the proceeds of said Bonds; authorizing the execution and delivery of two or more Bond Purchase Agreements between Washoe County and all or any of J.P. Morgan Securities LLC, KeyBanc Capital Markets Inc. and SunTrust Robinson Humphrey, Inc. as the Underwriters of said Bonds; authorizing the acceptance of two or more Inducement Letters from said Company with respect to said Bonds; and related matters."

A RESOLUTION APPROVING A PLAN OF FINANCING; AUTHORIZING THE ISSUANCE AND SALE BY WASHOE COUNTY OF NOT TO EXCEED \$298,500,000 GAS AND WATER FACILITIES REFUNDING REVENUE BONDS IN TWO OR MORE SERIES TO REFUND A LIKE PRINCIPAL AMOUNT OF BONDS PREVIOUSLY ISSUED BY SAID COUNTY TO REFINANCE COSTS OF CERTAIN GAS AND WATER FACILITIES FOR SIERRA PACIFIC POWER COMPANY; AUTHORIZING THE EXECUTION AND DELIVERY OF TWO OR MORE INDENTURES OF TRUST FROM SAID COUNTY TO THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE, WITH RESPECT TO SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF TWO OR MORE FINANCING AGREEMENTS BETWEEN SAID COMPANY AND SAID COUNTY PROVIDING FOR THE REPAYMENT OF THE LOAN OF THE PROCEEDS OF SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF TWO OR MORE BOND PURCHASE AGREEMENTS BETWEEN SAID COUNTY AND ALL OR ANY OF J.P. MORGAN SECURITIES LLC, KEYBANC CAPITAL MARKETS INC. AND SUNTRUST ROBINSON HUMPHREY, INC. AS THE UNDERWRITERS OF SAID BONDS; AUTHORIZING THE ACCEPTANCE OF TWO OR MORE INDUCEMENT LETTERS FROM SAID COMPANY WITH RESPECT TO SAID BONDS; AND RELATED MATTERS.

WHEREAS, Washoe County, Nevada (the "County") is a political subdivision of the State of Nevada (the "State") authorized and empowered by the County Economic Development Revenue Bond Law, Sections 244A.669 to 244A.763 of the Nevada Revised Statutes, as amended (the "Act"), to issue revenue bonds to finance one or more projects, including any land, building, structure, facility, system, fixture, improvement, appurtenance, machinery, equipment, or any combination thereof or any interest therein, used by any corporation (including a public utility) in connection with the local furnishing of gas and water if available on reasonable demand to members of the general public, and to refund the same; and

WHEREAS, the Act provides that such revenue bonds shall be payable solely and only from the revenues derived from a project, including payments under a lease, agreement of sale or financing agreement or under notes, debentures, bonds and other secured or unsecured debt obligations executed and delivered by the obligor pursuant to such lease, agreement of sale or financing agreement; and

WHEREAS, the Act provides that such revenue bonds of the County shall be secured by a pledge of the revenues out of which such bonds shall be payable, and if title to or in such project remains in the obligor, such bonds shall also be secured by a pledge of one or more notes, debentures, bonds or other secured or unsecured debt obligations of the obligor; and

WHEREAS, the County has heretofore issued its:

(a) \$58,700,000 aggregate principal amount Gas Facilities Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 2006A (the "2006A Bonds") for the purpose of refunding (1) \$17,500,000 aggregate principal amount of the County's Variable Rate Demand Gas Facilities Revenue Bonds (Sierra Pacific Power Company Project) Series 1987 which were issued for the purpose of financing costs of certain gas facilities acquired, constructed and installed by Sierra Pacific Power Company (the "Company") in the County; (2) \$20,000,000 aggregate principal amount of the County's Gas Facilities Revenue Bonds (Sierra Pacific Power Company Project) Series 1990 which were issued for the purpose of financing costs of certain gas facilities acquired, constructed and installed by the Company in the County; and (3) \$21,200,000 aggregate principal amount of the County's Gas Facilities Revenue Bonds (Sierra Pacific Power Company Project) Series 1992 which were issued for the purpose of financing costs of certain gas facilities acquired, constructed and installed by the Company in the County;

(b) \$75,000,000 aggregate principal amount Water Facilities Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 2006B (the "2006B Bonds") for the purpose of refunding \$75,000,000 aggregate principal amount Variable Rate Demand Water Facilities Revenue Bonds (Sierra Pacific Power Company Project) Series 1987 for the purpose of financing improvements to the water utility system of the Company in the County;

(c) \$84,800,000 aggregate principal amount Gas and Water Facilities Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 2006C (the "2006C Bonds") for the purpose of refunding (1) \$45,000,000 aggregate principal amount of the County's Variable Rate Demand Gas and Water Facilities Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 1987 which were issued for the purpose of refunding \$45,000,000 aggregate principal amount of the County's Floating Rate Monthly Demand Gas and Water Facilities Revenue Bonds (Sierra Pacific Power Company Project) Series 1984 issued for the purpose of financing costs of certain water facilities and gas facilities of the Company in the County; (2) \$30,000,000 aggregate principal amount of the County's Gas and Water Facilities Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 1993B which were issued for the purpose of refunding \$30,000,000 aggregate principal amount of the County's Collateralized Gas and Water Facilities Revenue Bonds (Sierra Pacific Power Company Project) Series 1979 issued for the purpose of financing costs of certain gas facilities and water facilities of the Company in the County; and (3) \$9,800,000 aggregate principal amount of the County's Water Facilities Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 1993A which were issued for the purpose of refunding \$9,800,000 aggregate principal amount of the County's Collateralized Water Facilities Revenue Bonds (Sierra Pacific Power Company Project) Series 1976 issued for the purpose of financing costs of certain water facilities of the Company in the County;

(d) \$40,000,000 aggregate principal amount Water Facilities Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 2007A (the “2007A Bonds”) which were issued for the purpose of refunding \$40,000,000 of \$80,000,000 aggregate principal amount of the County’s Water Facilities Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 2001 (the “2001 Bonds”) which were issued for the purpose of refunding \$80,000,000 aggregate principal amount of the County’s Water Facilities Revenue Bonds (Sierra Pacific Power Company Project) Series 1990 issued for the purpose of financing costs to the Company of certain facilities for the furnishing of water available on reasonable demand to members of the general public and located in the County; and

(e) \$40,000,000 aggregate principal amount Water Facilities Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 2007B (the “2007B Bonds”) and, together with the 2006A Bonds, the 2006B Bonds, the 2006C Bonds and the 2007A Bonds, the “Prior Bonds”) which were issued for the purpose of refunding the remaining \$40,000,000 aggregate principal amount of the 2001 Bonds not refunded with the proceeds of the 2007A Bonds; and

WHEREAS, the Company has requested the County to issue its refunding revenue bonds in two or more series in the aggregate principal amount of not to exceed \$298,500,000 in order to refund all or part of the Prior Bonds; and

WHEREAS, pursuant to notice published in the “Reno Gazette Journal” not less than 10 nor more than 20 days prior to the date hereof, this Board conducted a public hearing (at the meeting at which this resolution is being adopted and prior to the adoption hereof) on the proposal to issue its refunding revenue bonds in the aggregate principal amount of not to exceed \$298,500,000 for the purposes specified above; and

WHEREAS, all who appeared at such public hearing were given an opportunity to express their views for or against such proposal, and this Board has considered all oral and written statements, if any, in favor of the proposal and all oral and written objections, if any, against the proposal, and has determined that it is advisable to proceed with such proposal; and

WHEREAS, the proceeds of the County’s Gas and/or Water Facilities Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 2016 in the principal amount of not to exceed \$298,500,000 in one or more series initially bearing interest at term or fixed rates (the “Term Rate Bonds”) and in on or more series initially bearing interest at daily, weekly or commercial paper rates (the “Variable Rate Bonds”) and, together with the Term Rate Bonds, the “Bonds”) will be loaned to the Company for the purpose of refunding the Prior Bonds pursuant to one or more Financing Agreements for the Term Rate Bonds (the “Term Rate Financing Agreement”) and one or more Financing Agreements for the Variable Rate Bonds (the “Variable Rate Financing Agreement”) and, together with the Term Rate Financing Agreement, the “Financing Agreements”), each by and between the Company and the County, whereby the Company will covenant and agree (i) to make payments (directly to the Term Rate Trustee or the Variable Rate Trustee hereinafter identified, as applicable, as the County’s assignee, pursuant to the related Financing Agreement) sufficient to provide for the payment of the principal of and

interest and premium, if any, on the related series of Bonds, as and when the same become due and payable, and (ii) to make such other payments and satisfy such other obligations as may be required by the Act; and

WHEREAS, the Term Rate Bonds will be issued under and pursuant to, and are to be secured by, one or more Indentures of Trust (the "Term Rate Indenture"), by and between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Term Rate Trustee"), and the Variable Rate Bonds will be issued under and pursuant to, and are to be secured by, one or more Indentures of Trust (the "Variable Rate Indenture" and, together with the Term Rate Indenture, the "Indentures"), by and between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Variable Rate Trustee"); and

WHEREAS, the County proposes to enter into one or more Tax Exemption Certificates and Agreements with respect to the Term Rate Bonds (the "Term Rate Tax Agreement") among the County, the Company and the Term Rate Trustee in order to implement certain procedures with respect to the tax-exempt status of interest on the Term Rate Bonds, and the County proposes to enter into one or more Tax Exemption Certificates and Agreements with respect to the Variable Rate Bonds (the "Variable Rate Tax Agreement" and, together with the Term Rate Tax Agreement, the "Tax Agreements") among the County, the Company and the Variable Rate Trustee in order to implement certain procedures with respect to the tax-exempt status of interest on the Variable Rate Bonds; and

WHEREAS, it is proposed that (a) the Term Rate Bonds will be sold by the County to J.P. Morgan Securities LLC, KeyBanc Capital Markets Inc. and SunTrust Robinson Humphrey, Inc. (together, the "Underwriters" and, individually, an "Underwriter") pursuant to one or more Bond Purchase Agreements (the "Term Rate Bond Purchase Agreement") between the County and the Underwriters, (b) one or more series of the Variable Rate Bonds will be sold by the County to J.P. Morgan Securities LLC pursuant to one or more Bond Purchase Agreements (the "JPMS Variable Rate Bond Purchase Agreement") between the County and J.P. Morgan Securities LLC, (c) one or more series of the Variable Rate Bonds will be sold by the County to KeyBanc Capital Markets Inc. pursuant to one or more Bond Purchase Agreements (the "KeyBanc Variable Rate Bond Purchase Agreement") between the County and KeyBanc Capital Markets Inc., and (d) one or more series of the Variable Rate Bonds will be sold by the County to SunTrust Robinson Humphrey, Inc. pursuant to one or more Bond Purchase Agreements (the "SunTrust Variable Rate Bond Purchase Agreement" and, together with the JPMS Variable Rate Bond Purchase Agreement and the KeyBanc Variable Rate Bond Purchase Agreement, the "Variable Rate Bond Purchase Agreements") between the County and SunTrust Robinson Humphrey, Inc.; provided, however, the Company desires the option to initially purchase one or more series of the Variable Rate Bonds directly from the County in its discretion and to subsequently have the option to have such Variable Rate Bonds remarketed to the public under the circumstances provided in the Variable Rate Indenture; and

WHEREAS, it is proposed that the Company will deliver to the County and the Underwriters an Inducement Letter under each Term Rate Bond Purchase Agreement (the "Term Rate Inducement Letter") and that the Company will deliver to the County and the related Underwriter under each Variable Rate Bond Purchase Agreement (the "Variable Rate

Inducement Letter,” and, together with the Term Rate Inducement Letter, the “Inducement Letters”) setting forth certain representations, warranties and covenants of the Company in connection with the sale and purchase of the Bonds to the Underwriters or Underwriter under the related Term Rate or Variable Rate Bond Purchase Agreement; and

WHEREAS, the County has received a five-year operating history from the Company;

**NOW, THEREFORE, Be it Resolved by the Board of County Commissioners of Washoe County, Nevada, as follows:**

#### **PART I – PLAN OF FINANCING**

**Section 1.1.** That the plan of financing which contemplates the initial issuance of Term Rate Bonds and Variable Rate Bonds by the County in one or more series in the aggregate principal amount of not to exceed \$298,500,000 to refund a like principal amount of the Prior Bonds, as referred to in the preamble hereof, is hereby approved in principle.

#### **PART II – THE BONDS**

**Section 2.1.** That, in order to refund a like principal amount of the Prior Bonds previously issued for the purpose of refinancing costs of certain gas and water facilities (individually with respect to a series of Bonds, a “Project,” and, together, the “Projects”) for the Company, the Bonds be and the same are hereby authorized and ordered to be issued in the aggregate principal amount of not to exceed \$298,500,000 at one or more times pursuant to the Term Rate Indenture and/or the Variable Rate Indenture in substantially the forms presented to the Board at the time of the adoption of this resolution and containing substantially the terms and provisions set forth therein, and the forms, terms and provisions of the Bonds and the Indentures are hereby approved, and the Chair of this Board and the County Clerk are hereby authorized and directed to execute, attest, seal and deliver the Indentures, and the Chair of this Board, the County Clerk and the County Treasurer are hereby authorized and directed to execute, attest, countersign, seal and deliver the Bonds as provided in the Indentures, including the use of facsimile signatures on the Bonds, if appropriate. The Bonds shall (i) be in such denominations; (ii) bear such date; (iii) mature (or be subject to mandatory sinking fund redemption) at such times not later than July 1, 2031 with respect to not to exceed \$30,000,000 in aggregate principal amount of the Bonds being issued to refinance gas facilities, August 1, 2031 with respect to not to exceed \$58,700,000 in aggregate principal amount of the Bonds being issued to refinance gas facilities and March 1, 2036 with respect to not to exceed \$209,800,000 in aggregate principal amount of the Bonds being issued to refinance water facilities; (iv) bear interest at such interest rates fixed or determined from time to time according to a specified standard and procedure and at rates not to exceed the Maximum Rate, as provided in the Indenture; (v) be in such form; (vi) carry such registration privileges; (vii) be executed in such manner; (viii) be payable at such place or places within or without the State; (ix) be subject to such terms of redemption; and (x) be subject to such other terms and conditions, all as provided in the Indentures.

**Section 2.2.** That the County lend the proceeds of the Bonds to the Company to refund a like principal amount of the Prior Bonds pursuant to the Term Rate Financing Agreement and/or the Variable Rate Financing Agreement in substantially the forms presented to the Board at the time of the adoption of this resolution and containing substantially the terms and provisions (including repayment provisions) set forth therein, and the form, terms and provisions of the Financing Agreements are hereby approved, and the Chair of this Board and the County Clerk are hereby authorized and directed to execute, attest, seal and deliver the Financing Agreements.

**Section 2.3.** That the forms, terms and provisions of the Term Rate Tax Agreement and the Variable Rate Tax Agreement, in substantially the forms presented to the Board at the time of the adoption of this resolution, and containing substantially the terms and provisions set forth therein, are hereby approved, and the Chair of this Board is hereby authorized and directed to execute and deliver the Tax Agreements.

**Section 2.4.** That the sale of Term Rate Bonds to the Underwriters pursuant to the Term Rate Bond Purchase Agreement at a price of not less than 98% of the principal amount thereof nor more than 130% of the principal amount thereof and the sale of one or more series of Variable Rate Bonds to each of the Underwriters pursuant to Variable Rate Bond Purchase Agreements with each of such Underwriters at a price of not less than 100% of the principal amount thereof, in substantially the forms presented to the Board at the time of the adoption of this resolution and containing substantially the terms and provisions set forth therein, is hereby authorized, approved and confirmed, and the forms, terms and provisions of the Term Rate Bond Purchase Agreement and the Variable Rate Bond Purchase Agreements are hereby approved, and the Chair of this Board is hereby authorized and directed to execute and deliver the Term Rate Bond Purchase Agreement for the sale of Term Rate Bonds and the Variable Rate Bond Purchase Agreements for the sale of Variable Rate Bonds; provided, however, that the initial sale of one or more series of Variable Rate Bonds by the County to the Company with the ability of the Company to have such Variable Rate Bonds subsequently remarketed to the public under the circumstances provided in the Variable Rate Indenture also is hereby authorized and approved.

**Section 2.5.** That the forms, terms and provisions of the Inducement Letters, in substantially the forms presented to the Board at the time of the adoption of this resolution and containing substantially the terms and provisions set forth therein, are hereby approved, and, in any sale of the Bonds to the Underwriters pursuant to a Term Rate Bond Purchase Agreement or a Variable Rate Bond Purchase Agreement, the Chair of this Board is hereby authorized and directed to accept an Inducement Letter on behalf of the County by executing the same and delivering a copy thereof to the Company.

**Section 2.6.** That it is hereby found, determined and declared that the Bonds and interest and premium, if any, thereon shall never constitute the debt or indebtedness of the County within the meaning of any constitutional or statutory provision or limitation and shall not constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers, but the Bonds and interest and premium, if any, thereon shall be payable solely and only from the revenues derived from the Financing Agreements or from any Credit Facility that may be provided for a series of Bonds by a Credit Provider other than the Company as provided in the Financing Agreements.

**Section 2.7.** That the County hereby finds and determines that (i) the amount necessary in each year to pay the principal of and interest on the Bonds is set forth in the Financing Agreements as a formula which will insure that the Company is obligated to pay amounts sufficient to pay the principal of, interest and premium, if any, on, the Bonds and said formula is hereby found to be sufficient for such purposes; (ii) no reserves are necessary or advisable in connection with the retirement of the Bonds or the maintenance of any Project owned by the Company or for any other purpose; (iii) the Company has sufficient financial resources to meet its obligations under the Financing Agreements; (iv) the Company is obligated under the Financing Agreements to maintain the Projects and carry all proper insurance with respect thereto for so long as it owns, operates or controls the Projects, and the County shall have no obligation whatsoever in these regards; and (v) sufficient safeguards are provided by the Financing Agreements and the Indentures to assure that all money provided by the County through the issuance of the Bonds will be expended solely for the purpose of refunding the Prior Bonds.

### **PART III – OFFERING OF BONDS**

**Section 3.1.** That the use by the Underwriters of a Preliminary Official Statement and an Official Statement (each as defined in the Term Rate Bond Purchase Agreement) in connection with the offering of Term Rate Bonds to the public is hereby acknowledged, and the use by the Underwriters of an Official Statement (as defined in the Variable Rate Bond Purchase Agreement) in connection with the offering of Variable Rate Bonds to the public is hereby acknowledged; provided, that the County neither has nor assumes any responsibility as to the accuracy or completeness of any of the information contained in any such Preliminary Official Statement or Official Statement.

### **PART IV – GENERAL**

**Section 4.1.** That the Chair of this Board, the County Treasurer and the County Clerk, or any of them, are hereby authorized and directed to execute, attest, seal and deliver any and all documents, and do any and all things, deemed necessary to effect the issuance, sale and delivery of the Bonds and the execution, delivery and acceptance of the instruments authorized hereby, and to carry out the provisions of such instruments and the intent and purpose of this resolution, including the preamble hereof.

**Section 4.2.** That the provisions of this resolution are hereby declared to be separable and if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions.

**Section 4.3.** That all resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

**Section 4.4.** That this resolution shall become effective immediately upon adoption.

**Section 4.5.** At the time of delivery of a series of Bonds, the Company shall pay to the County an economic development revenue bond issuance fee for that series equal to the lesser of

1/10 of 1% of the principal amount of the Bonds of that series, or \$50,000. In addition, the Company shall be responsible for the fees and expenses of any consultants retained by the County in connection with the issuance of the Bonds and the County's bond counsel, Sherman & Howard, L.L.C.

**Section 4.6.** That the publication of the Notice of Intention to Issue Bonds in the "Reno Gazette Journal" on the proposal to issue the Bonds in the aggregate principal amount of not to exceed \$298,500,000 for the purposes specified above and setting April 26, 2016 as the date for a public hearing on the Bonds is hereby ratified and confirmed.

Adopted April 26, 2016.

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Chair

(SEAL)

Attest:

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County Clerk

I, Nancy Parent, being first duly sworn, do hereby depose and certify that I am the duly appointed, qualified and acting County Clerk of Washoe County, Nevada, and as such have in my possession or have access to the officials records of said County and of its officials; that hereto attached is a true, correct and complete copy of a Resolution adopted by the Board of County Commissioners of said County at its regular meeting on April 26, 2016 at its regular meeting place, Washoe County Commission Chambers, 1001 East Ninth Street, Building A, Reno, Nevada; that the vote on the adoption of said Resolution was as follows:

Aye: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Nay: \_\_\_\_\_;

and that a quorum of said Board was present and acting throughout said meeting.

WITNESS my official signature and the seal of said County at Reno, Nevada, this \_\_\_\_ day of April, 2016.

\_\_\_\_\_  
Nancy Parent  
County Clerk

(Seal)